

PCARD TUTORIAL: NOTES

Keep these notes for your future reference. You may refer to them when completing the PCard Tutorial Exam.

What is a Procurement Card?

A procurement card (pcard) is:

- A university owned VISA charge card;
- Used to make purchases directly from vendors that accept VISA;
- Used only for business-related purchases that are in compliance with university policy;
- Not a personal liability and therefore, will not appear on a personal credit report;
- Not to be used for personal purchases.

The use of procurement cards is governed by University Policy 3.12, Procurement Card, which can be found at www.policy.cornell.edu/vol3_12.cfm. Please review this policy to ensure that you are familiar with your responsibilities as a cardholder.

The PCard Process

1. Cardholder makes purchase directly from vendor;
2. Cardholder turns in documentation to pcard coordinator;
3. Transaction info from bank is loaded into an on-line system at Cornell;
4. PCard coordinator reviews purchase on-line and charges to appropriate unit account;
5. Payment for all pcard transactions is paid directly by the university.

Paying for Goods & Services at Cornell

The procurement card is intended only for small-dollar purchases where payment can be made directly to the vendor with minimal risk to the university. Other types of goods and services that are more costly, or require additional levels of review, are generally paid for by creating a purchase order. A purchase order is a contract between the university and a vendor and contains terms and conditions designed to protect both parties in the transaction. A check is issued to the vendor after successful completion of the terms of the purchase order.

Spending Limits

- PCard purchases may not exceed \$500 per transaction – Do not split the cost of a single item exceeding \$500 into multiple transactions.
- Monthly limits are generally \$5,000.
- If you exceed your per-transaction or monthly limit, your purchase will be declined at the point of sale.
- Limits at Cornell University merchants may be higher – consult with your unit's business manager.

Other PCard Restrictions

- No personal purchases on pcards.
- No lending or sharing cards; keep your card number confidential.
- Certain items are prohibited from payment by pcard because the good or service requires additional review for reasons of tax, insurance, or other regulatory issues. The list of prohibited transactions appears at the end of these notes.

If you need to make a purchase that exceeds your transaction limit, or must be paid for by a method other than procurement card, consult your unit's business manager or business service center representative.

Statements

- Cornell's billing cycle for pcards ends on the 15th of each month.
- A statement is mailed to the cardholder only if charges or credits appear on the account.
- Statements are sent to the account's "billing address" (that's the campus address supplied on your pcard application).
- Cardholders must review their statements and report any errors to their pcard coordinator.
- Check with your unit for information on the retention or disposal of your credit card statements.

What types of goods & services may I buy? (University Policy 3.14, Business Expenses)

- University Policy 3.14, Business Expenses, is intended to provide general guidelines on what may be charged to various university funds.
- These guidelines apply to ALL funds (ex. discretionary and salary recovery funds are subject to this policy) and apply regardless of your payment method (ex. pcard or purchase order).
- All university funds must be used for ordinary, necessary and reasonable business-related expenses and in support of the mission of the university.
- It is the responsibility of all faculty, staff and students to expend university funds in a manner consistent with the missions of the university and the conditions specified by external sources, where applicable.
- University Policy 3.14, Business Expenses, can be found at www.policy.cornell.edu/vol3_14.cfm.

Cornell Unallowable Expenses (University Policy 3.14, Business Expenses)

Per University Policy 3.14, Business Expenses, any expenditure with the following characteristics does not reflect proper stewardship of university funds and is unallowable, regardless of the sources of funds or intended payment method:

1. It does not support the university's missions - unallowable;
2. It is extreme, excessive, illegal or it is not a normal and ordinary cost incurred in the conduct of official university activities - unallowable;
3. It represents recognition, not associated with job performance, service or moral, for a faculty staff or student (for example, costs to recognize birthdays, childbirth or adoption, weddings, anniversaries or Office Professional's Day) - unallowable;
4. It represents a personal expense that is neither business-related nor required in carrying out an individual's job responsibilities, for example:
 - Parking permits, fines, penalties/interest charges on personal or corporate credit cards - unallowable;
 - Amusement, entertainment, or social activities that are not directly connected to university functions and purposes - unallowable;
 - Memberships and other purchases that lend themselves to personal use, such as the Automobile Association of America, Cornell Club, airline clubs, Sam's Club and newspaper home delivery - are all unallowable.
5. The expenditure was (or will be) reimbursed from another source - unallowable;
6. It is for individual association membership fees, dues or licenses that are not directly related to the individual's position or academic discipline - unallowable;
7. Home office costs - unallowable (see University Policy 6.613, Workplace Flexibility for specific exceptions);
8. It benefits a select few on a frequent, recurring, and ongoing basis, and other groups are prevented from receiving similar benefits (for example, coffee provided in faculty lounge but not provided in staff lounge) - unallowable.

Caution: Paying for a good or service with your pcard that the university has deemed Unallowable (based on University Policy 3.14, Business Expenses) will result in a request for reimbursement and the suspension or revocation of your procurement card.

Questions to Ask Prior to Purchase

Answer these questions any time you make a purchase with your procurement card. It is the responsibility of the procurement card holder to ensure that all purchases made on the procurement card are in compliance with university policy.

- Is my intended purchase an appropriate business expense?
- Is my intended purchase allowed by my funding source?
- May I pay for this good/service with my pcard?

If you are unsure as to whether or not an intended purchase will be in compliance with university policies, consult your unit's business manager or your business service center representative BEFORE making the purchase.

Sales Tax Exemption

- Remind the merchant that this is a Cornell University purchase and that Cornell is exempt from most New York State Sales Taxes.
- Cornell's sales tax exemption certificate number is printed on the top of your procurement card.
- If you are charged sales tax because you forgot to request the exemption, you should contact the merchant and attempt to obtain a credit.
- If a merchant refuses to honor Cornell's New York State sales tax exemption, note the merchant's refusal on your receipt.

PCard Purchase: Documentation and Business Purpose

- You must collect a receipt (sometimes called an invoice) for each purchase on your procurement card.
- The "business purpose" of your transaction, which must be recorded on your receipt, is the way in which a particular good or service supports the university's mission of education, research and public service.
- The business purpose is an essential component of pcard documentation – it must be written in terms that would be clear to an external reviewer.
- The business purpose of a meal must include a list of the attendees. (Note: A 'business meal' is a meal at which a substantive and bona fide business discussion, linked to the university's mission, takes place.)

Receipts

Turn in all receipts/invoices to your procurement card coordinator immediately. Submission of the original receipt is the best method of providing details of what you purchased, which will support your explanation of the business purpose. Additionally, submission of the original receipt will help to prevent the university from issuing a duplicate payment.

- Receipts vary in appearance and type of information provided, but generally include information on:
 - date of purchase
 - vendor name
 - description of item(s)
 - quantity, unit price, and total
- If relevant information is not included on a receipt, write that information on it.
- Some Examples of Receipts:
 - Cash register tape
 - Detailed packing slip
 - Copy of an order form (e.g., subscription)
 - Web receipt or email acknowledgement from vendor
- Record your name on the receipt/invoice.
- If possible, you should also indicate the Cornell account to which this purchase will be charged.

Lost/Stolen PCards

If your card is lost or stolen, report it to the bank immediately. Your card will be cancelled and a new card (with a different VISA account number) will be sent to you, at your campus address, within two weeks.

U.S Bank customer service can be reached 24 hours a day, 7 days a week.

Within the United States, call toll-free: 1-800-344-5696

Outside the United States, call collect: 1-701-461-2010

The Office of Credit Card Programs

The Office of Credit Card Programs, in the Division of Financial Affairs, administers the overall procurement card program and is responsible for policy issues relating to pcards. Although your unit's business manager or your procurement card coordinator can address many questions and concerns, you are always welcome to contact Credit Card Programs directly.

Phone: (607) 255-4548/5039



Email: pcard@cornell.edu


Web pages: www.purchasing.cornell.edu/pcard.cfm

Prohibited from Payment by PCard


Certain items are prohibited from payment by pcard because the good or service requires additional review for reasons of tax, insurance, or other regulatory issues. The purchase of a prohibited item may result in the suspension or revocation of your pcard.

Do not pay for the following with your pcard:

- **Animals**
Live vertebrates require pre-transaction review, per University Policy 1.4, Care and Use of Animals in Teaching and Research.
- **Architectural and Engineering Services**
Per university policy, these transactions require additional review by the University Architect.
- **Audit Services**
Per university policy, these transactions require additional review by the University Auditor.
- **Capital Assets**
The purchases of capital assets must be recorded in the capital assets system, per University Policy 3.9, Capital Assets.
- **Cash Advances**
Cash advances of university funds require pre-transaction review, per University Policy 3.2, University Travel.
- **Conflict of Interest, Vendor**
Purchases from vendors where a potential conflict of interest exists require pre-transaction review, per Cornell's Conflicts Policy.
- **Cornell Unallowable Goods/Services**
Purchases identified as "unallowable" in University Policy 3.14, Business Expenses, cannot be charged to a procurement card, regardless of the source of funds.
- **Deposits/Partial Payments**
Do not make partial payments where the total value of the purchase exceeds your procurement card transaction limit.
- **Gifts Certificates**
Gifts certificates are generally classified as taxable income by the IRS and should not be purchased with a procurement card. Contact uco-tax@cornell.edu  for guidance.
- **Insurance**
Insurance premiums, co-payments, deductibles, or services must not be purchased with a procurement card. For information on purchasing insurance, please contact [Risk Management and Insurance](#) .
- **Investment Services**
Per university policy, these transactions require additional review by the university's Investment Office.
- **Legal Services**
Per university policy, these transactions require additional review by University Counsel.
- **Personal Expenses**
Do not purchase any good or service that is primarily for personal use. Use of the card for personal expenses is prohibited by University Policy 3.6, Financial Irregularities. Using the card in this manner with the intention of reimbursing Cornell is NOT acceptable.

 **Caution:** Many items lend themselves to personal use, such as cellular telephones. It is the cardholder's responsibility to provide documentation to verify that the purchase is essential to fulfilling his or her job responsibilities.
- **Pest Control**
Because of the potential for use of pesticides, these services must be coordinated with the customer service center in the Department of Facilities Management. Contact your local building coordinator for more information.

- **Radioactive Materials**

See the "[Radiation Safety Manual](#)"  for information on appropriate means of purchasing radioactive material.

- **Real Estate Services, Purchase, Rental, etc.**

Per university policy, these transactions require additional review by the university's Real Estate Office.

- **Security Systems, Building**

Building security systems must be coordinated through the Cornell Police and must not be purchased with a procurement card.

- **Services Performed on University Property**

You may not purchase with a procurement card work or services performed on university property by a vendor that does not meet Cornell's insurance requirements. Caterers that meet the university's insurance requirements are listed on Risk

Management's website at www.risk.cornell.edu/catererlist.asp . To determine if other vendors meet this requirement, contact the Office for Purchasing Services.



Note: Delivery of goods is not considered a service.

- **Services Performed within the U.S. by Foreign Nationals**

You may purchase with a procurement card services performed in the U.S. by foreign nationals. There are immigration and tax issues that require review. Contact uco-tax@cornell.edu .

- **Travel-Related Expenses**

Any travel-related purchase or rental is prohibited (e.g., hotel, motel, airline, train, bus, taxi, limousine, or cruise fare; car or boat rental; gasoline; road tolls of any kind; travel agency purchase; parking lot fees). Certain travel-related merchants have been blocked from accepting procurement cards.



Note: Conference registration fees may be charged to your procurement card if the fee does not exceed your transaction limit.

- **Travel Meals**

You may not charge meals to your procurement card while you are traveling for the university if that travel includes an overnight stay.

Note: The list of Prohibited Transactions can also be found in Appendix B of University Policy 3.12, Procurement Card.